

SPECIAL REPORT NO. UKR-1

**Intensive Demonstration
Site Identification Report**

August 1994

Intensive Demonstration Site Selection Report

ZdravReform Program
August 1994

Abt Associates
4800 Montgomery Lane, Suite 600
Bethesda, MD 20814-5341
Phone: (301) 913-0500
Fax: (301) 652-3916
Internet: zdravreform@abtassoc.com

U.S. Agency for International Development
Contract Number: CCN-0004-C-00-4023-00

ZdravReform Program

Intensive Demonstration Site Identification in Ukraine

Introduction

ZdravReform Project Director Nancy Pielemeier and Technical Deputy Marty Makinen visited Ukraine July 11-22, 1994 to identify potential sites for intensive demonstration activities under the Program. This report summarizes the methods used, findings, and recommendations from that visit.

Background

The ZdravReform team of Pielemeier and Makinen was invited to visit Ukraine by USAID/Kiev's Anne Aarnes, General Development Officer, and Victor Boguslavsky, Health Officer, during a visit by the latter to Washington in June 1994. The overall purpose of the visit was to identify opportunities for the Program to assist with health reforms. To meet this overall purpose, the team worked with the USAID personnel to establish a counterpart relationship at the national level, make contacts with a number of parties which are potential collaborators with ZdravReform, and conduct a trip to potential intensive demonstration sites (IDSs). The latter is the focus of this report.

IDSs are limited geographic and population areas (often the size of oblasts) where ZdravReform concentrates its resources to assist with demonstrations of comprehensive reforms of health financing, organization, and management. Comprehensive reforms involve new systems of incentives and behaviors for payers, providers, consumers, regulators, and insurers and employers, where appropriate. The demonstrations of comprehensive reforms are intended to allow lessons to be learned from actual applications of reforms to inform national decisionmaking. ZdravReform provides technical assistance, training, information dissemination, and access to grants to support innovative activities to help with the conceptualization and implementation of reforms. These resources are concentrated in IDSs, but also are made available on a less intensive basis in other areas.

The national counterpart institution to ZdravReform is the Ukrainian National Institute of Health (NIH), led by Dr. Mykola Prodanchuk. At the national level the ZdravReform team met with the Minister of Health, Mr. Vladimir Maltzev, Dr. Prodanchuk and members of his staff, the Head of the Secretariat of the Parliament's (Rada's) Health Protection Commission, Mr. Anatoli Kartysh.

In addition, the ZdravReform team met representatives of the School of Public Health Administration, being established by the Institute of Public Administration in Kiev; a World Bank health sector loan appraisal team; New Independent States Exchanges and Training (NET) Director for Ukraine, Andy Herriott; and Peace Corps Director Jaroslav Dutkewych.

ZdravReform's approach to assisting with health sector reform is to provide technical assistance, training, information dissemination, and access to a competitive small grants program to reforming national and local health authorities and institutions. In particular, *ZdravReform* seeks to concentrate on assisting local areas in achieving comprehensive reforms involving payers, providers, consumers, regulators, employers, and insurers. Local reformers who receive *ZdravReform* assistance are expected to be able to demonstrate the benefits of comprehensive reforms more quickly than otherwise, thereby advancing the process of national reform by providing an example to follow. *ZdravReform* recognizes that in these demonstration sites both positive and negative lessons will be learned about reform, with both types being useful to the national process. Such local areas where resources are concentrated to assist with comprehensive reforms are called Intensive Demonstration Sites (IDSs).

ZdravReform will work in two IDSs, one each in western and eastern Ukraine, in addition to providing assistance at the national level and selected assistance to localities other than the IDSs.

Methods

To choose IDSs in a country or region, *ZdravReform* cooperates with the USAID Mission and the host country national government to apply selection criteria. *ZdravReform* developed indicative IDS selection criteria in its Draft *Strategy*. In Ukraine, the team explained the approach of the Program to the USAID Mission and NIH. Both USAID and NIH accepted the *ZdravReform* criteria as the basis for gathering information about potential IDS sites. Further, in these discussions three potential IDSs were identified for western Ukraine and two for eastern Ukraine. The potential western Ukraine IDSs are L'viv, Ivano-Frankivsk, and Chernivtsi. The potential eastern IDSs are Odessa and Dnepropetrovsk. All parties agreed that the potential IDSs should be visited by a team consisting of representatives of each (Pielemeier, Makinen, and interpreter Lena Trouhan from ZRP, Boguslavsky from USAID, and Dr. Natalia Progunova from NIH) and that the team should gather data to correspond to the IDS criteria suggested in the *ZdravReform Strategy*. Because of time limitations, four of the five candidate IDSs were visited. Dnepropetrovsk will be visited in October, in conjunction with Makinen's attendance there at the All-Ukrainian Scientific and Practical Conference "Health Care: Legal Provision, Financing and Management Under Modern Conditions", October 6-7.

Findings

Using the criteria, the team found that all of the sites visited at least met the minimum level of qualifications for IDS work. However, L'viv and Odessa oblasts stood out as meeting the criteria at high levels. The team's findings are summarized in the exhibit below. This information allows USAID and NIH to choose among L'viv, Ivano-Frankivsk, and Chernivtsi as the IDS in western Ukraine. Since the team did not visit Dnepropetrovsk, the decision on which area to choose as eastern Ukraine's IDS must wait until that city is visited.

Summary of Findings on Criteria for IDS Selection

Criteria	Western Candidate IDSs			Eastern Candidate IDSs	
	L'viv	Ivano-Frankivsk	Chernivtsi	Odessa	Dniepropetrovs'k
Diversity (a)	Urb/Rur	Rur/Urb	Rur/Urb	Urb	Urb
National Support	●	●	●	●	●
Local Support (b)	Tech, Pol, Med	Med	Med	Tech, Pol, Med	
Sustainability	●	?	?	●	
Replicability	●	?	?	●	
USAID Recommendations	●			●	
Other USAID Projects	●	No	No	●	
Other Donors	?	?	?	?	
Reform-Minded Leadership	High	?	Medium	High	

(a) Indicates whether dominated by urban (Urb) or rural (Rur) populations, or a mix, with the largest group listed first.

(b) Tech=technical, Pol=political, Med=medical

More detail on the findings in each of the oblasts visited is organized according to the criteria (see the *ZdravReform Strategy* for definitions of the criteria) below.

L'viv Oblast

1. Diversity

L'viv oblast has the large city of L'viv, several smaller cities, and rural areas. Its diversity reflects western Ukraine.

2. National Support

L'viv enjoys the support of NIH as an area of reform orientation.

3. Local Support

The team found support for reform from the oblast health authorities, the L'viv Institute of Management, the Chief Doctors of the three AIHA Partnership Hospitals, and the health authorities in Dragobych rayon. In the latter area, the authorities have put in place an innovative DRG-type reimbursement system for providers in an attempt to improve productivity.

4. Sustainability

The kinds of reforms under consideration or already in place in L'viv Oblast show the potential to be sustainable over the long term. The fact that the Dragobych authorities have begun innovating on their own (without external assistance) is strong evidence of sustainability.

5. Replicability

The Dragobych DRGs have not yet been evaluated, but they appear to be both sophisticated enough to be effective, yet simple enough to be replicated on a wider scale.

6. USAID Recommendations

L'viv was recommended by USAID as being a reform-minded area.

7. Other USAID Projects

L'viv benefits from USAID's municipal management project. The L'viv Institute of Management also gets USAID support. There may be synergies among these activities and health reform efforts.

8. Other Donors

No other donor activities in the health sector were uncovered in L'viv.

9. Leadership

There appeared to be varied and plentiful leadership for health reforms in L'viv. Oblast and local health authorities, hospital chiefs, and training institutions all appeared ready and willing to lead.

Ivano-Frankivsk Oblast

1. Diversity

Ivano-Frankivsk oblast has the industrial city of the same name, but is otherwise largely rural.

2. National Support

Ivano-Frankivsk has the support of the NIH as a reform-oriented area.

3. Local Support

The medical personnel met in Ivano-Frankivsk, particularly Dr. Stasjuk, expressed strong support for reform.

4. Sustainability

No reforms are underway, nor were the personnel interviewed able to articulate a view of what kinds of reform they would like to undertake. Thus, it is difficult to assess the sustainability of reform in Ivano-Frankivsk.

5. Replicability

For similar reasons to 4 above, replicability of reform cannot be determined.

6. USAID Recommendations

USAID made no recommendation regarding Ivano-Frankivsk.

7. Other USAID Projects

There are no other USAID projects in Ivano-Frankivsk.

8. Other Donors

No other donor activities in the health sector were found in Ivano-Frankivsk.

9. Leadership

Dr. Stasjuk is willing to provide leadership, but the lack of any initiatives taken to date makes the case for leadership in Ivano-Frankivsk somewhat of a question mark.

Chernivtsi Oblast

1. Diversity

Chernivtsi oblast is like Ivano-Frankivsk, in that it has Chernivtsi city surrounded by rural areas.

2. National Support

Chernivtsi oblast has national support as a reforming area. Dr. Prodanchuk started his career in Chernivtsi.

3. Local Support

The medical community of Chernivtsi supports reform. The medical institute of Chernivtsi has begun reforming the medical curriculum to integrate doctor and nurse training. The Chernivtsi diagnostic center represents clinical innovation.

4. Sustainability

Little action has been taken in the area of financing and organizational reform, so it is impossible to evaluate the sustainability of reforms that might be undertaken.

5. Replicability

Similar to sustainability, since no reforms have been proposed nor undertaken, replicability is impossible to evaluate.

6. USAID Recommendations

USAID made no recommendation regarding Chernivtsi.

7. Other USAID Projects

No other USAID projects are active in Chernivtsi.

8. Other Donors

No other donor activities were found in the health sector in Chernivtsi.

9. Leadership

The medical community has begun to make changes in medical education and in the organization of clinical practice (diagnostic center and family doctor concept). Although this leadership has not been evident in financing and organizational reform, it does indicate a willingness to provide innovative leadership for reform.

Odessa Oblast

1. Diversity

Odessa oblast is dominated by the major port city of Odessa.

2. National Support

Odessa enjoys the support of NIH as a reforming area.

3. Local Support

Support for health reform was expressed to the team by Mr. Bodalon, the Governor of Odessa Oblast. In addition, Dr. Zaporozhan, Director of the Medical University of Odessa has prepared the broad outlines of financing and organizational reforms, in addition to clinical reforms. The managers of the Family Health Center (FHC) in Odessa have operated the facility on an autonomous basis for several years and have attained self-financing through user payments. The latter may be without precedent in the former Soviet Union. In addition, staff of the FHC have been paid on the basis of performance, with some being dismissed because of poor performance. Clearly, there is broad and deep support for reform in Odessa.

4. Sustainability

The plans for and experiences with reform in Odessa Oblast indicate strong possibilities for sustainability. The vision for reform expressed by Dr. Zaporozhan involves diversifying funding sources to include the state budget, user payments, and insurance reimbursements. The vision also includes giving greater autonomy to facility managers to allocate resources. The experiences of the FHC with self-financing and performance-based compensation of employees are moves toward greater sustainability, as well. Finally, subsequent to the visit to Ukraine, the Odessa health authorities faxed to *ZdravReform* a draft program of reform, which fits well with the kind of assistance offered by *ZdravReform*. It seeks to build the reforms on the strong clinical medical capabilities already in place in Odessa. The reforms are planned in the areas of local legal framework, financing, organization, and management, with the reforms to be refined by learning from implementation.

5. Replicability

Odessa's draft reform program offers to disseminate the results of its efforts throughout Ukraine. The reform experience already accumulated by the FHC, once it has been evaluated, would be ready for replication or adaptation elsewhere.

6. USAID Recommendations

USAID recommends Odessa as a reforming area.

7. Other USAID Projects

USAID has activities in its municipal management and hospital partnerships projects in Odessa.

8. Other Donors

No sign was found of other donor activity in the health sector in Odessa.

9. Leadership

There is strong leadership for reform at several levels in Odessa, from the oblast Governor, to the director of the Medical University to the chiefs of the FHC.

Dniepropetrovs'k Oblast

The evaluation of the suitability of Dniepropetrovs'k as an IDS is incomplete, because a visit has not yet been made there by *ZdravReform*. However, findings for the first two criteria for selection are possible.

1. Diversity

Dniepropetrovs'k oblast is dominated by the large industrial city of the same name.

2. National Support

Dniepropetrovs'k has the support of the NIH as a reforming area in health. It was one of the test cities for the reforms of the health sector in the Soviet Union, along with Kemerovo in Siberia.